



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Approving the Established Overall Annual Disadvantaged Business Enterprise (DBE) Goal of 6% for FTA-Assisted Projects for Federal Fiscal Year 2005/06

MEETING DATE: October 5, 2005

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt a resolution approving the Established Overall Annual DBE Goal of 6% for Federal Fiscal Year (FFY) 2005/06 for Federal Transit Administration (FTA)-assisted projects.

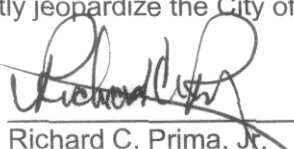
BACKGROUND INFORMATION: The City of Lodi is required to develop and submit an Overall Annual Goal for DBE participation on U.S. Department of Transportation (DOT)-assisted contracts, as a condition of federal financial assistance, pursuant to revised regulations set forth under Title 49 CFR Part 26, *Participation by Disadvantaged Business Enterprises in Department of Transportation Programs*. In accordance with these DBE regulations, the City of Lodi, with help from its consultant, Padilla & Associates, has established an Overall Annual DBE Goal for Federal Fiscal Year 2005/06 for FTA-assisted projects, to ensure full compliance with relevant regulatory requirements.

The Established Overall Annual DBE Goal of 6% for FFY 2005/06 DOT-assisted contracts addresses critical components and fulfills specific requirements for narrow tailoring (under a court decision, narrowly tailored requirements provide for more flexibility in establishing a goal) in accordance with Title 49 CFR Part 26. The City of Lodi's Established Overall Annual DBE Goal was developed utilizing the federal prescribed two-step goal setting methodology. Step I included establishing a Base Figure utilizing quantifiable evidence to determine the relative availability of DBEs within specified industries identified as a part of the City's DOT-assisted contracting projects anticipated to be awarded by the City of Lodi within FFY 2005/06. The City utilized the Caltrans Unified Certified Program (UCP) on-line database of Certified DBE Firms and the 2002 U.S. Census Bureau County Business Patterns (CBP) database to complete this step. Upon establishing the Base Figure, the City surveyed and assessed other known relevant evidence to determine what additional adjustments, if any, were needed to narrowly tailor the Base Figure to the City of Lodi's market area. No additional adjustments were needed for this narrow tailoring. Factors considered in the adjustment of the Base Figure included the historical and current capacity of DBEs measured by actual attainments on similar projects. Following Council's approval of the Established Overall Annual Goal for FFY 2005/06, staff will submit to Caltrans and FTA for their final review.

The Established Overall Annual Goal for Federal Fiscal Year 2005/06 will be updated annually to maintain relevancy to local market conditions and factors impacting DBE availability.

FISCAL IMPACT: City Council approval and adoption of the Established Overall Annual DBE Goal for FFY 2005/06 is required to ensure compliance with Department of Transportation's federal funding requirements, provisions and financial responsibilities. Failure to do so will directly jeopardize the City of Lodi's federal financial assistance.

FUNDING AVAILABLE: None required.


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Public Works Director

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RCP/RA/pmf
Attachments
cc: Tiffani Fink, Transportation Manager

APPROVED:


Blair King, City Manager

**LODI TRANSIT SYSTEM
DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM
OVERALL ANNUAL DBE GOAL SETTING METHODOLOGY
FOR
FEDERAL FISCAL YEAR 2005/06
(Covering the period of October 1, 2005 through September 30, 2006)**

I. DOT-ASSISTED CONTRACTING PROGRAM FOR FFY 2005/06

Table 1 serves to define Lodi Transit System's DOT-assisted (FTA) contracting program for FFY 2005/06 by contract type (i.e. Construction, Professional Services and respective federal dollar amounts allocated). The fiscal year's contracting program includes three (3) DOT- (FTA) assisted projects, which were assessed in preparing the Agency's *Overall Annual DBE Goal-Setting Analysis*. All three (3) projects have viable subcontracting possibilities and are anticipated to be awarded within the fiscal year 2005/06.

Table 1

PROJECT	Total Estimated Project Cost	Estimated Federal Dollar Share of Construction	Estimated Federal Dollar Share of Professional Services	Estimated Federal Dollar Share of Materials & Supplies
Lockeford/Sacramento Traffic Signal	\$237,000.00	\$237,000.00	-0-	-0-
Bus Shelters	\$125,000.00	\$125,000.00	-0-	-0-
Fleet Shop Expansion	\$275,000.00	-0-	\$55,000.00	-0-
TOTAL USED IN ANALYSIS	\$637,000.00	\$362,000.00	\$55,000.00	-0-

Table 2 provides a summary of work grouped into two primary categories: *Construction and Professional Services* utilizing the CUCP 2002 North American Industry Classification System (NAICS) work categories and comparable 2002 Census Business Patterns NAICS. *Table 2* also serves to identify the estimated Federal Dollar Share and the relative weighted percentage per contract type, as follows:

Table 2

CONTRACT TYPE	CUCP 2002 NAICS WORK CATEGORY	COMPARABLE 2001 NAICS CENSUS DATA	ESTIMATED FEDERAL DOLLAR SHARE	WEIGHTED %
Construction	237310	234110	\$362,000.00	87%
Professional Services	237990	234990	\$55,000.00	13%
TOTAL			\$417,000.00	100 %

II. GOAL-METHODOLOGY

Step 1: Determination of a Base Figure (26.45)

To establish the Agency's Base Figure representing the relative availability of DBEs to all comparable firms (DBEs and Non-DBEs) available to bid or propose on the Agency's federally assisted contracts in FFY 2005/06, the Agency followed one of the five federally prescribed goal setting methodologies. This was accomplished by accessing the ***California Unified Certification Program (CUCP) Database of Certified Firms*** and the ***2002 U.S. Census Bureau County Business Patterns (CBP) Database***. Comparisons were made by corresponding zip codes within Lodi Transit System's market area (defined as San Joaquin, Calaveras, Stanislaus and Sacramento Counties) and by the specified industries and types of businesses identified in Table 2. The Agency's local market area represents where the substantial majority of the Agency's dollars are expended and/or where the substantial majority of contractors and subcontractors' bids or quotes.

The Lodi Transit System made a concerted effort to ensure that the scope of businesses included in the numerator was as close as possible to the scope included in the denominator.

- ⇒ ***For the numerator:*** ***California UCP DBE Database of Certified Firms***
- ⇒ ***For the denominator:*** ***2002 U.S. Census Bureau's Business Pattern Database (CBP)***

To determine the relative availability of DBEs within the Lodi Transit System's market area, the Agency divided the numerator representing the ratio of ready, willing and able DBE firms, by the denominator representing all firms (DBEs and Non-DBEs) available for each of the work categories. Application of this formula yielded the following baseline information:

$$\frac{\text{Number of Ready, Willing, and Able DBEs}}{\text{Number of All Available Firms (including DBEs and Non-DBEs)}} = \text{BASE FIGURE}$$

The Base Figure was further adjusted by weighting the relative availability of DBEs grouped within the major work categories, giving more weight to the work categories/industries in which the Agency projects to spend more DOT- (FTA) assisted dollars. The Base Figure resulting from this weighted calculation is as follows:

Step I: Base Figure: (weighted by type of work to be performed and corresponding contracting dollars)

$$\text{Base Figure} = \left[\begin{array}{c} \text{Construction} \\ 87\% \left(\frac{\text{DBEs in 237310*}}{\text{CBPs in NAICS 234110**}} \right) \end{array} \right] + \left[\begin{array}{c} \text{Professional Services} \\ 13\% \left(\frac{\text{DBEs in 237990*}}{\text{CBPs in NAICS 234990**}} \right) \end{array} \right]$$

$$\text{Base Figure} = \left[\begin{array}{c} .87 \left(\frac{178}{2913} \right) \end{array} \right] + \left[\begin{array}{c} .13 \left(\frac{37}{503} \right) \end{array} \right]$$

$$\text{Base Figure} = \left[\begin{array}{c} .87 (.0611) \end{array} \right] + \left[\begin{array}{c} .13 (.0736) \end{array} \right]$$

$$\text{Base Figure} = \left[\begin{array}{c} .0532 \end{array} \right] + \left[\begin{array}{c} .0096 \end{array} \right]$$

$$\text{Base Figure} = \left[\begin{array}{c} 0.0627 \end{array} \right]$$

$$\text{Base Figure} = (.0627) 100 = 6.27 = \mathbf{6\%}^{***}$$

* For all additional NAICS Codes from the California Unified DBE Directory, refer to Attachment I.

** For all additional NAICS Codes included in the analysis, refer to Attachment II.

*** Rounded to the nearest whole number.

Step 2: Adjusting the Base Figure

Upon establishing the Base Figure, Lodi Transit System reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within Lodi Transit System's market area, accordance with prescribed narrow tailoring provisions set forth under Title 49 CFR Part 26.45 Step II DBE Goal Adjustment guidelines.

Evidence considered in making an adjustment to the Base Figure included the *Lodi Transit System's Past DBE Goal Attainments on Similar Type Projects, Bidders List, Disparity Studies, Other Agencies' DBE Goals and attainments within the Lodi Transit System's jurisdiction and Other Evidence*. A summary of these considerations follows:

A. Past DBE Goal Attainments on Similar Type Projects

While this is an important consideration in the overall goal setting analysis, Lodi Transit System has no historical records of DBE attainment as this is the first year of FTA DOT-assisted projects. Lodi Transit System will continue to capture such information and will utilize this data in future goal-setting analysis.

B. Lodi Transit System's Bidders List

The Agency's Bidders List was considered in adjusting the base figure, however, the Agency's data collection system does not provide for this type of assessment as this is the first year of DOT-assisted projects. Accordingly, the Agency will not make an adjustment to the Step 1 Base Figure based on the Bidders List. The Agency will automate its Bidders List and will capture such information from all bidders at the time of bid/proposal submission and will utilize such information in future goal-setting analysis.

C. Evidence from Disparity Studies

Lodi Transit System is not aware of any current disparity studies within Lodi Transit System's jurisdiction and/or market area to consider in this step of the goal setting analysis.

D. Other Agencies DBE Goals

Lodi Transit System surveyed other DOT-recipients (local agencies) within its jurisdiction, with similar contracting programs to assess their DBE goals and actual attainments toward making an adjustment. Local agencies included in the survey were Stanislaus County and the City of Ripon. Using the most current data available, the DBE Goal established for Stanislaus County (FFY 2005) was 7%, while the DBE Goal established for the City of Ripon (FFY 2005) was 5%. Since the goal projections and attainments are in alignment with Lodi Transit System's Base Figure of 6%, no adjustment is recommended.

E. Other Evidence

Lodi Transit System is not aware of any additional relevant data, including anecdotal evidence over and above those factors considered that would sufficiently merit an adjustment to the Base Figure at this time. However, the Agency will continue to explore and consider all available evidence that could have a potential impact on the DBE goal setting process (i.e. relative availability of DBEs within the Agency's market area in future goal setting analysis).

Overall Resultant Goal Adjustment

Based on Lodi Transit System's review and consideration of the above factors, particularly the lack of historical DBE participation/attainment data, evidence considered does not merit an adjustment to the Base Figure at this time.

III. OVERALL ANNUAL GOAL AND PROJECTION OF RACE-NEUTRAL AND RACE-CONSCIOUS PARTICIPATION:

As there is no historical attainment data to determine Race-Neutral attainments, the **Lodi Transit System projects that the proposed Overall Annual DBE Goal for FFY 2005/06 of 6% will be met utilizing Race-Conscious measures**, including utilizing contract specific numeric goals, as necessary to achieve the overall goal and **0%** will be achieved utilizing Race-Neutral Measures.

However, in accordance with Title 49 CFR Part 26.51, the Agency will continue to prioritize the use of race-neutral measures to the extent feasible to meet its overall annual DBE goal including: arranging timely solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE, and other small business participation and by requiring or encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces. The application of race-conscious goals on the Agency's DOT-assisted contracts will continue to be used only to the extent necessary to achieve the Agency's approved DBE overall annual goal. Should the initial contract's actual DBE commitments exceed projections, adjustments will be made accordingly.

IV. PUBLIC PARTICIPATION AND FACILITATION

In accordance with Public Participation Regulatory Requirements of 49 CFR Part, minority, women, local business chambers, and community organizations within Lodi Transit System's market area will be provided an opportunity to review this goal analysis. The Agency will prepare an Outreach Consultation Letter advising the aforementioned business community of the proposed DBE goal analysis and availability for review.

Lodi Transit System will also issue a Public Notice in general circulation media and in at least one other minority focused media publishing the Agency's proposed Overall Annual Goal for FFY 2005/06 DOT-assisted contracts. Such Notice will inform the public that the proposed goal and its rationale is available for inspection at Lodi Transit System's offices (from 8:30 a.m. to 4:00 p.m., Pacific Standard Time, Monday through Friday) for 30 days following the date of the Public Notice and that Lodi Transit System will accept comments on the goal analysis for 45 days from the date of the Public Notice. The required public participation provisions will be fully satisfied prior to submitting the Lodi Transit System's Overall Annual DBE Goal to the Federal Transit Administration for final review and approval.

CITY OF LODI

DBE OVERALL ANNUAL GOAL ANALYSIS FOR FFY2005/2006

ESTABLISHMENT OF THE NUMERATOR:

OF ESTABLISHED DBE FIRMS BY WORK CATEGORY WITHIN THE CITY OF LODI'S MARKET AREA (DEFINED AS SAN JOAQUIN, CALAVERAS, STANISLAUS AND SACRAMENTO COUNTIES ¹)

CONSTRUCTION:			BY CORRESPONDING ZIP CODES						
NAICS 2002	COUNTY BUSINESS PATTERNS USING 2002 NAICS	NAICS DESCRIPTION	942	952	953	956	957	958	TOTAL
237310	234110	Highway, Street and Bridge Construction	0	0	8	16	5	9	38
237990	237990	Other Heavy and Civil Engineering Construction	0	1	1	1	2	1	6
238110	235710	Poured Concrete Foundation and Structure Contractors	0	1	5	6	6	4	22
238140	235410	Masonry Contractors	0	0	1	2	0	0	3
238160	235610	Roofing Contractors	0	1	1	1	0	0	3
238210	235310	Electrical Contractors	0	0	3	2	1	0	6
238320	235210	Painting and Wall Covering Contractors	0	1	0	2	0	2	5
238990	235710	All Other Specialty Trade Contractors	0	6	7	26	10	13	62
324121	324121	Asphalt Paving, Roofing, and Saturated Materials Manufacturing	0	0	2	0	0	0	2
327121	327121	Brick and Structural Clay Tile Manufacturing	0	0	0	0	0	0	0
327332	327332	Concrete Pipe Manufacturing	0	1	0	0	1	1	3
332312	332312	Fabricated Structural Metal Manufacturing	0	0	1	0	0	0	1
334290	334290	Other Communications Equipment	0	0	0	0	0	0	0
335999	335999	All Other Miscellaneous Electrical	0	0	0	1	0	1	2
484110	484110	General Freight Trucking, Local	0	3	7	5	0	2	17
484220	484220	Specialized Freight (except Used Goods) Trucking, Local	0	1	0	1	0	1	3
561730	561730	Landscaping Services	0	0	0	1	0	2	3
561990	561990	All Other Support Services	0	1	0	0	0	1	2
TOTAL NUMBER OF ESTABLISHED DBE FIRMS			0	16	36	64	25	37	178

PROFESSIONAL SERVICES:

ATTACHMENT I

NAICS 2002	COUNTY BUSINESS PATTERNS USING 2002 NAICS	NAICS DESCRIPTION	942	952	953	956	957	958	TOTAL
541330	541330	Engineering Services	0	2	1	12	5	13	33
541310	541310	Architectural Design Services	0	0	0	2	1	1	4
TOTAL NUMBER OF ESTABLISHED DBE FIRMS			0	2	1	14	6	14	37

¹: **DATA SOURCE:** California UCP DBE Database of Certified Firms.

CITY OF LODI DBE OVERALL ANNUAL GOAL ANALYSIS FOR FFY2005/06

ATTACHMENT II

ESTABLISHMENT OF THE DENOMINATOR:

OF ALL ESTABLISHED FIRMS (DBEs and Non DBEs) BY WORK CATEGORY WITHIN THE CITY OF LODI'S MARKET AREA (DEFINED AS SAN JOAQUIN, CALAVERAS, STANISLAUS AND SACRAMENTO COUNTIES¹)

CONSTRUCTION:						
Major Category:		San Joaquin	Calaveras	Stanislaus	Sacramento	Total
NAICS CODE	NAICS DESCRIPTION					
234110	Highway, Street and Bridge Construction	19	6	17	34	76
237990	Other Heavy and Civil Engineering Construction	0	0	0	0	0
235710	Poured Concrete Foundation and Structure Contractors	65	6	65	131	267
235410	Masonry Contractors	14	5	17	44	80
235610	Roofing Contractors	59	8	44	153	264
235310	Electrical Contractors	97	12	73	228	410
235210	Painting and Wall Covering Contractors	81	14	69	202	366
235710	All Other Specialty Trade Contractors	65	6	65	131	267
324121	Asphalt Paving, Roofing, and Saturated Materials Manufacturing	4	0	65	4	73
327121	Brick and Structural Clay Tile Manufacturing	0	0	0	1	1
327332	Concrete Pipe Manufacturing	2	0	2	2	6
332312	Fabricated Structural Metal Manufacturing	10	0	7	9	26
334290	Other Communications Equipment	0	1	0	2	3
335999	All Other Miscellaneous Electrical	1	0	0	0	1
484110	General Freight Trucking, Local	87	1	46	61	195
484220	Specialized Freight (except Used Goods) Trucking, Local	98	7	75	76	256
561730	Landscaping Services	120	14	101	279	514
561990	All Other Support Services	19	2	16	71	108
TOTAL NUMBER OF ESTABLISHED FIRMS		741	82	662	1428	2913

PROFESSIONAL SERVICES:

Major Category: 23411: Highway & Street Construction		ATTACHMENT II				
		San Joaquin	Calaveras	Stanislaus	Sacramento	Total
NAICS CODE	NAICS DESCRIPTION					
541330	Engineering Services	53	8	49	255	365
541310	Architectural Design Services	19	3	18	98	138
TOTAL NUMBER OF ESTABLISHED FIRMS		72	11	67	353	503

¹: **DATA SOURCE:** 2001 U.S. Census Bureau: County Business Patterns, NAICS Work Category Codes.

RESOLUTION NO. 2005-208

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING AND
ADOPTING THE ESTABLISHED OVERALL ANNUAL DISADVANTAGED
BUSINESS ENTERPRISE GOAL OF 6% FOR FEDERAL TRANSIT
ADMINISTRATION-ASSISTED PROJECTS FOR FEDERAL
FISCAL YEAR 2005-06

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WHEREAS, the City of Lodi is required to develop and submit an overall annual goal for Disadvantaged Business Enterprise (DBE) participation for U. S. Department of Transportation (DOT)-assisted contracts as a condition of federal financial assistance, pursuant to Title 49 CFR Part 26; *Participation by Disadvantaged Business Enterprises in Department of Transportation Programs*; and

WHEREAS, in accordance with DBE regulations, the City of Lodi has established an overall annual DBE goal for federal fiscal year 2005-06 for Federal Transit Administration (FTA)-assisted projects to ensure full compliance with relevant regulatory requirements; and

WHEREAS, the City of Lodi has established a goal of 6% for DOT-assisted projects for federal fiscal year 2005-06; and

WHEREAS, City Council adoption is required to ensure compliance with DOT's federal funding requirements, provisions, and financial responsibilities.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the approval and adoption of the established overall annual DBE goal of 6% for FTA-assisted projects for federal fiscal year 2005-06 and submission to the California Department of Transportation for funding authority approval on behalf of the City of Lodi.

Dated: October 5, 2005

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I hereby certify that Resolution No. 2005-208 was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 5, 2005, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Johnson, Mounce, and Mayor Beckman

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – Hitchcock

ABSTAIN: COUNCIL MEMBERS – None



SUSAN J. BLACKSTON
City Clerk